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C O N F I D E N T I A L ANKARA 006302

SIPDIS

FOR CPA ADVISER TO IRAQ OIL MINISTRY

E.O. 12958: DECL: 10/06/2013

TAGS: [EPET](#) [ETRD](#) [IZ](#) [PREL](#) [TU](#)

SUBJECT: TURKEY RAISES CONCERN ABOUT STALLED OIL EXPORTS
THROUGH TURKEY

CLASSIFIED BY DCM ROBERT DEUTSCH FOR REASONS 1.5 (b) AND (d).

[11.](#) (U) Baghdad Minimize considered.

[12.](#) (C) Turkish officials are concerned by recent press reports that Iraq has decided to suspend oil exports through Ceyhan, diverting the Kirkuk crude through pipelines to the south. MFA Director General for Energy and Water Hakki Akil told EconCouns that Turkey learned of the apparent decision through the press and asked if the USG could verify the report. ECONCouns responded that we were not aware of any decision, only that repair work on the pipeline was continuing. Akil said that under the terms of SOMO's agreement with Turkey, Iraq must export 35 million tonnes of crude per year through the pipeline or face penalties. Mehmet Bilgic, the head of Turkey's state pipelines and natural gas company, also raised his concern that the coalition has not yet resumed exporting Iraqi crude through the Kirkuk-Ceyhan pipeline and that there was little communication from Baghdad on these matters. Bilgic noted that the suspension of exports through the pipeline resulted in enormous revenue losses for Iraq -- and Turkey. Bilgic said that BOTAS had offered to help in the repair work and to provide firefighting teams, but the authorities in Baghdad had not responded to BOTAS's offer.

[12.](#) (C) Action Request: Turkish officials were surprised by reports that Iraqi authorities have decided to suspend oil exports through the pipeline for another six months. Such a long delay would be a serious blow for the GOT. They are frustrated that they have not been more involved in the pipeline project and are concerned that any decision not to use Kirkuk-Ceyhan might represent a change in U.S. policy. We believe improved, sustained communications between SOMO and BOTAS would be beneficial and request CPA's assistance in encouraging this dialogue. In addition, Embassy requests that Department/CPA advise on the status of the pipeline and on what, if any, decisions have been made on diverting oil from Kirkuk south. Embassy also requests points for use with GOT officials on this subject. Finally, Embassy would appreciate any information about the status of the offer made by BOTAS to Iraqi authorities to assist with pipeline repairs.
EDELMAN